

1 Q. [Account W01 - Water Regulating Structures] - In response to CA-NLH-150,
2 reference is made to the fact that peer companies range from 70 to 100 years for
3 the investment in Account W01 - Water Regulating Structures. Given this average
4 service life range for the peer companies, please provide all support and
5 justification for the much shorter service life proposed for Hydro, including all
6 meaningful and significant factors.

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9 A. The peer information used for comparison purposes was from the Account –
10 Reservoirs, Dams and Waterways in Schedule 2 of the original Gannett Fleming
11 Report. During the selection of the appropriate life estimate for Account W01 –
12 Water Regulating Structures, it was noted the Hydro account structure has the
13 assets that appeared in the peer analysis as one account segmented into at least
14 four accounts, being Account D01 – Dams and Dykes; Account I04 - Intake
15 Structures; Account S06 – Spillway Structures, and Account W01 – Water Regulating
16 Structures. Also, as indicated in the responses to CA-NLH-149 Attachment 1, the
17 assets that are included in Account W01 are largely control structures, hoists, gates,
18 and compensation structures. Gannett Fleming viewed that these assets would
19 have a shorter life than would the Dams, Dykes, or Intake Structures, for which
20 Gannett Fleming has recommended a 100-year life. As such, while the peer group
21 does provide meaningful information, the account structure of the assets within the
22 peer group must also be considered. When appropriate consideration is given to
23 the 100-year life of the assets in Account D01, I04, and S06, the 55-year life
24 recommendation for Account W01 is more reasonable.